

The Director of Central Intelligence

Washington, D.C. 20505

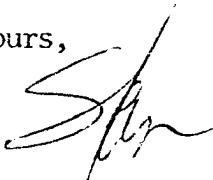
31 October 1977

Dear David,

Just a note to feed back to you on the petroleum question. You indicated that while the numbers show industrial use of petroleum is increasing, you had heard that high costs were in fact causing industry to cut down its use. Friends at Energy tell me that on the short term, industrial energy consumption responds more rapidly to changes in the industrial production index than to changes in the real price of energy. Over the period from 1975-1976 (data for 1977 are not yet available), following the general upturn in the economy over the same period, industrial consumption rose from 26.1 to 27.8 quadrillion in response to the increase in industrial production represented by the Federal Reserve Industrial Production Index rising from 117.8 to 129.8. Over the 24-month period, industrial petroleum prices and coal prices were roughly constant, whereas natural gas prices to industry nearly doubled.

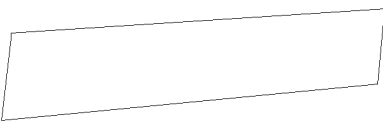
Hope that helps. If not, let me know and we'll try to dig deeper.

Yours,



STANSFIELD TURNER

Mr. David K. Andrews
President
Principia College
Elsah, Illinois 62028

cc to 

(see correspondence of 11 Oct)

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